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RECORDATION NO. _____ FIVE ZERO

ITEL

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August 1, 1988

INTERSTATE COMMERCE COMMISSION

Itel Rail Corporation

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

Hon. Noretta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Re: Amendment No. 2 to Schedule 1 of the Lease Agreement dated as of June 6, 1980, between The Ferdinand and Huntingburg Railroad Company, as assignee of the Louisville, New Albany and Corydon Railroad Company, and Modesto Empire and Traction Company (Schedule 1 and Amendment No. 1 attached)

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Amendment under Amendment No. 1 to Lease Agreement dated as of June 6, 1980, between The Ferdinand and Huntingburg Railroad Company and Modesto Empire and Traction Company, which is being filed with the ICC simultaneously this date.

The parties to the aforementioned instrument are listed below:

The Ferdinand and Huntingburg Railroad Company (Lessor)
55 Francisco Street
San Francisco, California 94133

Modesto Empire and Traction Company (Lessee)
530 Eleventh Street
Modesto, California 95353

This Amendment covers eighty-nine (89) 70-ton, RBL boxcars bearing reporting marks LNAC 5225-5344 (n.s.).

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

patricia schumacker

Patricia Schumacker
Legal Department

02/11/88

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RECORDED 88-100000-1000

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AMENDMENT NO. 2

INTERSTATE COMMERCE COMMISSION

AMENDMENT NO. 2 (the "Amendment") to Schedule No. 1 dated June 6, 1980 ("Schedule No. 1"), to Lease Agreement dated as of June 6, 1980, as amended, (the "Lease") between FERDINAND AND HUNTINGBURG RAILROAD COMPANY, as successor in interest to Louisville, New Albany and Corydon Railroad Company ("Lessor"), and MODESTO EMPIRE AND TRACTION COMPANY ("Lessee") is made as of this 3rd day of March, 1988, by and between Lessor and Lessee.

RECITALS:

- A. Lessor and Lessee are parties to Schedule No. 1, as amended, to the Lease pursuant to which ninety (90) used 70-ton RBL boxcars, with dual air pak bulkheads, bearing reporting marks from within the series LNAC 5225-5242, 5244-5250, 5257-5262, 5275-5289, 5300-5307, 5309-5344 (the "Cars"), were leased by Louisville, New Albany and Corydon Railroad Company ("LNAC") to Lessee on June 6, 1980.
- B. The rights of LNAC to eighty-nine (89) Cars from within the series LNAC 5225-5344 were assigned to Lessor on December 14, 1987.
- C. Lessor and Lessee desire to extend the term of Schedule No. 1 to the Lease.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto agree to amend Schedule No. 1 as follows:

- 1. All terms defined in Schedule No. 1 and the Lease shall have the meanings defined therein when used in this Amendment.
- 2. The parties hereby agree to extend the Lease Term with respect to the railcars described on Schedule No. 1 through and including February 29, 1988.
- 3. Except as expressly modified by this Amendment, all terms and provisions of Schedule No. 1 shall remain in full force and effect.
- 4. This Amendment may be executed by the parties hereto in any number of counterparts and all said counterparts taken together shall be deemed to constitute one and the same instrument.

FERDINAND AND HUNTINGBURG RAILROAD
COMPANY

By: [Signature]

Title: President

Date: March 3, 1988

MODESTO EMPIRE AND TRACTION COMPANY

By: [Signature]

Title: Pres

Date: Feb 22, 1988

~~DISTRICT OF~~
~~STATE OF CALIFORNIA~~)
~~COLUMBIA~~) ss:
~~COUNTY OF SAN FRANCISCO~~)

On this 3rd day of March, 1988, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Ferdinand and Huntingburg Railroad Company, that the foregoing Amendment No. 2 to Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

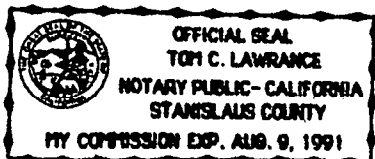
Bethnia L. Hendrick
Notary Public

1. Peter A. Greene

My Commission Expires January 31, 1991

STATE OF California)
COUNTY OF Stanislaus) ss:

On this 22nd day of February, 1988, before me personally appeared James L. Beart, to me personally known, who being by me duly sworn says that such person is President of Modesto Empire and Traction Company, that the foregoing Amendment No. 2 to Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Tom C. Lawrance
Notary Public

SCHEDULE 1

Lease dated June 6, 1980, by and between
Louisville, New Albany & Corydon Railroad Company ("LNAC")
and Modesto Empire and Traction Company ("Lessee").

DESCRIPTION OF CAR: Used 70-Ton RBL Boxcar with Dual Air
Pak Bulkheads

NUMBER OF CARS: 88

REPORTING NUMBERS AND MARKS: LNAC 5225-5250, 5261, 5262,
5275-5289 and 5300-5344

PLACE OF DELIVERY: Modesto, California

TERM: Five (5) years from the average date
of delivery and an acceptance of each Car covered
by this Schedule. Average date of delivery is that
date which is determined by (i) multiplying the number
of Cars delivered by LNAC on each day by the number
of days elapsed between such day and the date of
delivery of the first Car hereunder, and (ii) adding
all of the products so obtained and dividing that sum
by the total number of Cars delivered and (iii) adding
such quotient rounded out to the nearest whole number
to the date of delivery of the first Car. The date
on which delivery of a Car shall be deemed to have
been made will be the day following delivery of the
Car to the Lessee, as specified in Paragraph 2.

SPECIAL TERMS:

Upon placing in service the two hundred new cars
under lease agreement dated June 6, 1980, between LNAC
and M&ET, the rental under this lease agreement shall be
changed to the following:

When Car Usage is equal to or less than
in any calendar
year, the rental per Car per day shall be
all payments including but not limited to

mileage charges, straight car hire and incentive car hire (if any) payable to LNAC on account of such Car. In the event Car Usage in any calendar year, LNAC shall receive as rental an amount equal to the total of the payments described in the previous sentence for Car Usage and Lessee shall be entitled to any excess payments. Daily Car Usage of each Car shall be deemed to be the average Car Usage as finally determined for all Cars covered by this Lease as of the end of each calendar quarter or other applicable period during the term of this Lease. LNAC will within sixty (60) days after the end of each calendar quarter during the term hereof compute the Car Usage for such quarter and the amount so determined to be due to Lessee shall be promptly paid. Rental on each Car shall accrue from and after the date of delivery and acceptance of each Car. In the event that Car Usage

quarter and the mileage for the Cars during one or more months of that calendar quarter then the mileage component of the payments referred to above

for each such month.

MODESTO & EMPIRE TRACTION
COMPANY
Lessee

LOUISVILLE, NEW ALBANY &
CORDON RAILROAD COMPANY
Lessor

By *R. P. Olsen*

By *Walter C. Cramer*

CERTIFICATE OF ACCEPTANCE

Louisville, New Albany & Corydon Railroad Company
East Tower
2550 Gulf Road
Rolling Meadows, Illinois 60008

Gentlemen:

The undersigned, being a duly authorized agent
for the Lessee, hereby certifies that he has identified,
upon arrival at Lessee's line, _____ Cars bearing numbers
as follows:

and hereby accepts such Cars for the Lessee pursuant to
the Lease.

Dated: _____, 1980.

MODESTO & EMPIRE TRACTION COMPANY

By _____

FIRST AMENDMENT DATED FEBRUARY 5, 1987

FIRST AMENDMENT dated as of February 5, 1987, to Schedule 1 dated June 6, 1980, ("Schedule 1") of that certain Railroad Car Lease Agreement dated June 6, 1980, ("Lease") by and between LOUISVILLE NEW ALBANY AND CORYDON RAILROAD COMPANY as Lessor ("LNAC") and MODESTO AND EMPIRE TRACTION COMPANY, as Lessee ("M&ET").

W I T N E S S E T H:

WHEREAS, pursuant to the Lease and Schedule 1, M&ET currently leases ninety (90) used 70-ton RBL box cars with dual air pak bulkheads marked and numbered: LNAC 5225-5242; 5244-5250; 5257-5262; 5275-5289; 5300-5307; 5309-5344 ("Cars") from Evans; and

WHEREAS, all parties hereto desire to amend Schedule 1 as hereinafter indicated:

NOW, THEREFORE, in consideration of the covenants hereinafter set forth, the parties agree as follows:

1. The term of the Lease shall be extended for an additional one (1) year, effective February 1, 1987.
2. M&ET shall be entitled to a loading allowance of per car per load to be paid to M&ET after the LNAC has processed the car hire earnings for a particular month. It is understood that the information which is necessary to perform such calculations is customarily unavailable for use until approximately (90) days following the end of the month in question, therefore it is agreed that the calculation for each month shall be performed as soon as practicable after such information is available and payment shall be made to M&ET within (30) days thereafter.
3. As rental LNAC shall be entitled to retain all off-line per diem earned on account of the use of such Cars except that LNAC shall pay to M&ET of the mileage earnings paid to the LNAC by the Atchison, Topeka & Santa Fe Railway ("ATSF") for any empty Car returning to the M&ET over the ATSF Railroad lines. It is further agreed that the LNAC shall retain the remaining of such mileage earnings paid by the ATSF on such Car returning empty to the M&ET.
4. Except to the extent hereby or heretofore modified or amended, the terms and conditions of Schedule 1 and of the Lease shall remain unchanged.

IN WITNESS WHEREOF, LNAC and M&ET have entered into this First Amendment
this 5th day of February, 1987.

(CORPORATE SEAL)

ATTEST:

By: 

Secretary

MODESTO AND EMPIRE TRACTION COMPANY

By: 

President

(CORPORATE SEAL)

ATTEST:

By: 

Laurence P. Prange
Assistant Secretary

LOUISVILLE NEW ABLANY AND CORYDON RAIL-
ROAD COMPANY

By: EVANS RAILCAR LEASING COMPANY,
AS AGENT

By: 

William M. Sheehan
Vice President Marketing